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Delusions
The Inter-Allied Labor Conference at London (to which the American Federation of Labor refused to send delegates) has adopted a programme which is said to "correspond in general to the declarations of President Wilson and Premier Lloyd George."
Nevertheless, the Conference voted to send five delegates to the United States to confer with representatives of American democracy on the war situation, saying: "If the Americans won't come to us we must go to them."
But why?
If the programme of the Inter-Allied Labor Conference, representing labor and socialism in Great Britain, France, Italy and Belgium, corresponds to the declarations of President Wilson and Premier Lloyd George, why is it necessary or even useful to send five delegates to confer with the representatives of a stiff American democracy?

The explanation is found in the speech of Arthur Henderson, leader of the English Labor party. He said: "We are convinced that this world conflict can be ended only in one of three ways—the absolute predominance of all militarism, the exhaustion of all the combatants, or by conciliation. We believe that sooner or later the last of these methods must be resorted to by all the belligerents."
It was silly, he added, for any one to say that labor and socialism were fighting the sword with an olive branch, for—
"Nothing is further from the fact. We are willing to negotiate with the enemy, but not with an olive branch in our hands while he clutches a sword in both of his. Not . . . Both sides must be prepared to accept a solution which will have for its main object the destruction of militarism."

Their programme in general corresponds to the declaration of President Wilson and Premier Lloyd George, yet they are convinced that peace must come by conciliation, and delegates will be sent to wrestle with the American labor democracy on the war situation!
The American labor democracy also supports President Wilson and Premier Lloyd George. Then why must it be wrestled with by these allied Laborites and Socialists? Why, clearly, because it does not sufficiently believe in peace by conciliation. Only last week the Executive Council of the American Federation of Labor, endorsing the President's war aims, said:

"The peace parleys between Russia and Germany have shown the futility of diplomatic negotiations until Prussian militarists are convinced that they cannot superimpose their will on the rest of the world."
Now where?
At first it is only bewildering. Then it is reminiscent. It reminds one of something similar, or not very different, that happened somewhere not long ago. What was it?

Ah, yes. The Bolshevik! Change "peace by conciliation" to "peace without annexations or indemnities" and it all comes back at once.
The Russian radicals, themselves weary of war and believing every one else to be began with Kerensky to say this bewildering thing: "We will fight German militarism to the very end. But we do not think it will be necessary. Let the enemies of Germany restate their war aims, to include the phrase 'peace without annexations or indemnities,' and the German people will rise and be free."

This was a fantasy born of war weariness and idealism hopelessly mixed. It became more and more intense and more and more fantastic, and in the end it delivered Russia to the Germans.
The Bolshevik thought, as the Inter-Allied Labor Conference now thinks, that as you might instantly level all the Hohenzollern palaces to the ground by a chord if only you got the right vibration, so you could move the German people by a phrase, be it only the right phrase, into an ecstasy which would compel them to lay down their arms and come running forth crying "Peace! Peace! not for our advantage, not

for our own sake alone, but for the sake of democracy."
This miracle may be possible. Counting on it is very dangerous.
"Peace without annexations or indemnities" was German propaganda, no less when it arose from despair or heaviness of the soul than when it was bought with German gold.
"Peace by conciliation" also is German propaganda, and will continue to be until it is spoken distinctly in Germany. That has yet to happen.

Business as Usual
Patriotism and the price of wheat ought not to get mixed up together. It is not—or should not be—a question of whether the farmers will accept \$2 a bushel for this year's crop in a "loyal spirit." It is—or should be—a question merely as to whether \$2 a bushel is a fair relative price for wheat. If the farmer thinks it an unfair price he will demand a better price and reserve to himself the right to be a judge of his own patriotism; and there would be at least as much to say for him as against him in that recalcitrant attitude. Meanwhile he returns sympathy unopened, with cold thanks. You cannot conscript wheat. You can only talk about it. The reason it is impossible is that you can't go and get it. The farmer has to bring it.

Indecent
There is a bill before Congress to annul the charter of the National German-American Alliance. It ought to pass. The mere existence of such an organization, with such a title, is an indecency.

The objects of the alliance are well known. It was aptly described before the Senate Judiciary Committee the other day as "the core of the Kultur cyst in the American body politic." Its guiding spirit, C. J. Hexamer, has been decorated by the Kaiser for "services to German Kultur" in the United States. That recognition speaks for itself.
There is no place here for organizations with a record of devotion to Germanism, pan-German propaganda or Kultur. There is no longer any place for anything German-American in spirit or in name. It is time to put hyphenated citizenship, hyphenated loyalty and hyphenated labels all under the ban.

America—France
After the war we shall have closer relations with France than with any other country of Continental Europe. Our armies will have fought there; our dead will be buried there. Several millions of Americans will have come into direct contact with French life and the French people—which is a vastly different experience from that casual knowledge of the sights and show places of Paris acquired in the old days by the average American who paid a visit to France.

The United States and France have long been good friends. But their friendship has been a matter of sentiment and tradition. It has remained official and formal. One might truly say that it has flourished in inverse ratio to the breadth of contact between the two peoples. The French have come here in small numbers. They have made no attempt to stimulate our interest in their culture. There are thirty times as many German language publications in this country as there are French language publications (French Canadian newspapers excluded). Almost the only link we have had with the French-speaking world has been the ancient axiom, recognized in most young ladies' boarding schools, that a polite education must include a certain amount of Ollendorffian chatter and a passing acquaintance with the French irregular verbs.

But American ignorance of France and French ignorance of America have remained abysmal. A French woman, Mlle. Marguerite Clement, who has just come to this country to promote the circulation of French literature, has testified candidly to this two-sided ignorance. She says: "The average American cannot name three French generals, excluding Joffre, nor does he know that Loucheur, Clavelle and Thomas are the three civilians who have done the most important work during the war. In France we have heard of Wilson and Roosevelt—but that is about all. As to the difference between a Democrat and a Republican, we know nothing."

There is no exaggeration in this. Take out Joffre, and most of us are stumped to name three French generals of the first rank. Careful readers of the war news would think of Foch first, perhaps, then of Pétain, and then of Castelnau or Nivelle. But who else would? As for Loucheur and Clavelle, their names mean nothing to any of us.

Yet the average American knows of Hindenburg, Ludendorff, Mackensen, Falkenhayn and Kluck. He has heard of Bethmann-Hollweg, Scheidemann, Liebknecht, Michaels and Hertling. Ask him about French civilians most in the world's eye, and he will probably mention Bolo Paqua and Joseph Caillaux.
Here is the whole case in a nutshell. We are shut off from intimate knowledge of France and France is shut off from intimate knowledge of us. We are friends in theory, but strangers in fact. And the great barrier has been and still is the isolation imposed on each country by its lack of a knowledge of the other's life and language. The French are now beginning to learn English. The war has forced them into intimate daily contact with their neighbors across the Channel. We shall benefit eventually by that. But our effort to break down the language barrier has been almost nil. Our schools have been teaching German on a large scale, and more recently, Spanish. But we still neglect French.
Mlle. Clement's mission here is to inter-

est the public in reading French—French newspapers, and especially French books. She has collected statistics which show that there are only 250 French books out of every 10,000 in the libraries of the United States. In many libraries there are no French books at all. And this is in spite of the fact that in the production of literature France has always stood in the very first rank.
Here is a mission which deserves to succeed. We have every motive for trying to get closer to the French people, so that our commercial relations with them may be extended and we may profit by their literature, their culture and their singular capacity in all forms of artistic expression. Let us give French that preference in our schools which we have allowed German to enjoy. If we do not do this, we shall fail to profit by one of the great opportunities created by the war.

Alibis
In the matter of getting food across to our allies, Mr. Hoover says that he would have dispatched the food if Mr. McAdoo had brought it to the seaboard. Mr. McAdoo replies that he would have got the food to the coast if Mr. Hoover had indicated to him the points where it was stored and ready for shipment. The alibi is still in midair.
President Wilson soothingly intervenes and says that both the Food Administrator and the Director General of Railroads have seen their duty and have done it. That is tact; that is generalship. The alibi which can be passed from one administrator to the other, leaving each of them for a time empty-handed, is wearing a little thin.

The Shrinking Value of the Dollar
Suppose the matter were put in this form:
For the purpose of war the Federal Reserve Board and the managers of the twelve Federal Reserve banks are hereby authorized—
(1) To make the common stock of the United States Steel Corporation and of all other steel companies and other manufacturing concerns worth double, or triple, what they were.
(2) All the farm lands in the United States and all other real estate in the nation to be doubled in value.
(3) All bonds, mortgages and other fixed term obligations to be sealed down one-half.
(4) The wages of government and state employees of all kinds to be reduced one-half.
And so on.

If any member of Congress were to introduce such a measure it would not be thought that he had gone mad, but that it was merely a jest. But look at it from another angle.
In a space of a little over twenty months the average of all food and other commodity prices, including steel, copper and every other imaginable staple, rose on the average about 80 per cent. This average is still rising. The rate of rise for last month, we believe, has only been exceeded in one month since the war began.
Consider the effect:
Down in Southern New Jersey there is, for example, a wonderfully successful truck farm. The gross value of its product for 1917 was around \$300,000. Two years and a half ago identically the same quantity of product would have sold for around \$170,000. The simple rise in prices had added about \$130,000 to the selling value.

Now, supposing that all the costs had risen in just the same way. Then the average profit on the food sold would be just 80 per cent more than it was before. And not a dollar added to the investment.
This means that in a rough sort of way the selling value of the property was raised 80 per cent.
Identically the same thing happened with United States Steel and practically every large producing corporation in the United States. The selling value of their products was just about doubled, without the investment of any new capital or the employment of any more labor. Even if we suppose that wages went up by the same amount, then again profits were just about doubled, and therefore roughly doubled the selling value of the property.

But note the further effect. Only one-third of the capital of the United States Steel Corporation, for example, was common stock; the rest was in fixed interest securities. Therefore all the gain went to the common stock. And what is true of this one company was true of tens of thousands of others.
Now the reverse side of the picture. Because they wish to be secure in their savings the great bulk of capital invested from the outside in the form of bonds or preferred stock. These bear a fixed rate of interest. Supposing an investor has an income from these of \$1,000. At the end of 1917 this \$1,000 would buy something like 40 per cent less in food and clothing and other things than in October, 1915, when the rise began.

What is true of people who have their savings invested in such securities is equally true of, for example, the half million or more school teachers in the United States, and the 300,000 or 400,000 government and state employees, and hundreds of thousands of other persons whose salaries or incomes are more or less fixed.
All of these people had the buying power of their incomes cut down 40 or 45 per cent.
Most of these people, and apparently most bankers and members of Congress and others who ought to know, believe that in some mysterious way this is an inescapable effect of war. Therefore it is of very great importance that a committee representing some of the ablest minds which have studied this question should prepare a report which should tell the people exactly why all this disturbance of incomes and values has taken place; and that the Treasury Department should issue

this as a public document so that all the people of the United States might read it.
The committee was appointed at the last meeting of the American Economic Association. The report is signed by the president of that association for this year and by five of his colleagues from the leading universities of the country. We reprint it in an adjacent column of this page. It is very brief. We hope it will be read.
We especially commend to the consideration of our bankers these three pregnant sentences:
"While the war lasts the commodity price level (i. e., the cost of living) will inevitably mount by leaps and bounds unless we adopt rigorous measures."
"Loans to the government made not from savings, but from borrowings will tend to increase bank credit."
"Further extension of bank credit will chiefly bring about a rise of commodity prices."
This is the meaning of inflation.

Political Camouflage In Germany

By Wm. C. Dreher

WHEN the Hertling Cabinet was organized it looked as if Germany had started on a democratic path, and the Radical and Socialist organs were jubilant. They said that a new political era had dawned in Germany, and Scheidemann boasted in the Reichstag that the pan-Germans were down and out. Then the Prussian suffrage bill and the bill for reforming the Herrenhaus, or Prussian House of Lords, were taken up and passed upon their first reading.

This all looked promising, and the progressive and Socialist politicians were smiling faces. But they did not smile long. The Fatherland party rebuffed its agitation and soon showed that it was out for big game. The Kaiser's most intimate adviser, von Valentini, had long been the object of their wrath. He represented Bethmann-Hollweg ideas regarding peace and home political questions, and his position gave him a powerful influence over imperial decisions. He played a conspicuous part, for example, in smoothing out the crisis of last October and November. He was suspected of having persuaded the Kaiser to surrender to the Reichstag in the reconstruction of the government and to accept its moderate peace policy and suffrage reform in Prussia.

Junkers Go After Valentini
Hence the Junkers Fatherland party means the same people—trained their biggest guns upon Valentini. They operated with rumors about his position being shaken so that he had resigned. Then about the middle of January he did actually resign, Junker intrigues had driven him out. Junker intrigues also gave him his successor in the person of von Berg, hitherto President of East Prussia. Even at the time of Bethmann's fall the Junkers were circulating the rumor that Valentini would go and that Berg would succeed him. The significance of Berg's appointment is that he is an intimate friend of Dr. Kapp, one of the organizers of the Fatherland party, over which von Tirpitz presides. The Junkers cheered up accordingly; they had got a friend at court.

While all this was going on they did not neglect the Prussian reforms. The two bills, passed early in December, were not taken up for consideration till about the middle of January, and then the National Liberals—strongly impregnated with Junker ideas of peace and suffrage—voted with the Conservatives to postpone the suffrage bill till the Herrenhaus measure should be disposed of. The postponement, which was carried, means that the elements opposed to a full reform of the suffrage are determined first to fix the Herrenhaus to serve as an impenetrable barrier against whatever majority universal suffrage might bring into the Chamber.

The Progressive Press Alarmed
And now the progressive newspapers are alarmed at the outlook. They have other enemies also for their enemies. The Main Committee of the Reichstag Georg Goldmann, a progressive, called attention to the continued sins of the censors. They were hedging off all criticism of Tirpitz, but giving free rein to attacks upon Hertling and others in authority. The Prussian Minister of War had arbitrarily decreed that the Fatherland party was not a political organization, hence might carry its agitation into military and university circles. To all this the Minister of War, von Stein, answered with a few platitudes about different views prevailing among the censors. But no denial of the facts alleged, no promise of betterment.

Such is government in Germany under what promised to be a liberal regime. The military authorities are still in the saddle and propose to stay there. They decide what shall be given to the sham political agitation that is carried on in the country, and the color holds. The military leaders are determined that annexations shall be made on a large scale, and the agitation for annexations is promoted by the censors. Thus Germany continues to be ruled by such a triumvirate of military, Junker and political reactionaries, while the sham political agitation is kept around trying to convince himself that he is ruling.

Are the Rich Sanitary?

(From The Village)
In these Bolshevik times no one, of course, envies the wealthy much of anything, especially when one is told how the anxious ones have every night to spread pillows under the crystal chandeliers, forment the chattering of revolution. We have realized quite keenly that the rich were bowing beneath the burden of their luxuries; but we never supposed that they had the burden and not the luxuries. Yet from the London newspapers we glean the item that at a meeting of the Mansion House Council of Health and Housing it was decided to prepare a report on the housing conditions in London and greater London with a view to discovering to what extent houses of the wealthy, now in many cases unlet, can be converted into healthy and sanitary homes for the working classes. Healthy and sanitary! What a stride democracy makes when it no longer feels the need of envying the rich even the multiple perfection of the plumbing!

SUSAN ERIZ.



—From The Indianapolis News.

The Shrinking Dollar

Note: The following report is issued by the Treasury to inform the public why the cost of the war and the cost of living are rising at such a rapid rate, and is one of the most notable documents issued since the war. The report was prepared by a committee of the American Economic Association, appointed to study the question, and is now issued by authority of Secretary McAdoo. It is signed by six of the ablest economists of the country, as follows:

Professor Irving Fisher, Yale, chairman; Professor E. W. Kemmerer, Princeton; Professor B. M. Anderson, Jr., Harvard; Dr. Royal Meeker, United States Commissioner of Labor Statistics; Professor Wesley Clair Mitchell, Columbia, and Professor Warren M. Persons, Colorado College.

THE country has experienced an acute coal situation, a drastic coal order, the breakdown of railway transportation, the taking over of the railroads by the government, mounting living costs and price fixing.

These events crowded upon us while we were still congratulating ourselves on the success of the draft, the passage of fuel and food conservation laws and the unparalleled subscriptions to Liberty bonds.

Enrollments, laws and subscriptions, however, do not represent things accomplished; they are only plans laid out. The test of the nation comes when we try to execute those plans. The breakdowns we are experiencing show the magnitude and difficulties of our task.

We are undergoing a national readjustment to war conditions—a great shift from a peace to a war footing, the growing pains of which are acute just now, though they have been experienced, less acutely, for the last three years.

This war, the greatest of all, is greatest especially in its cost. It is estimated that the money cost alone, for all nations, is upward of \$100,000,000,000. Each week it costs as much as did the entire Boer War; each month as much as the entire Russo-Japanese War; each two months as much as the entire Civil War, which hitherto had held the record.

"Business as Usual" a Delusion
Never before in history has an understanding of the simple principles of economics been so sorely needed. Although much is being done to supply this need, we find the public confused and vacillating between two economic philosophies—the simple, direct, old-fashioned, correct philosophy of saving and working and the fallacious philosophy, perhaps best epitomized as "business as usual."

So far as we let our "business as usual" impulses prevent the needed saving and economic shifting we shall pay a terrific penalty in higher cost of living, as well as in national inefficiency and maladjustment. The living cost and the level of commodity prices in general are now, as we are all aware, extremely high. The average wholesale prices in the United States last month were 81 per cent above those of July, 1914; that is, the purchasing power of money over goods in the wholesale markets has been at least cut in half.

The rise in retail prices of foods in the same period has been 57 per cent. This means a reduction to less than two-thirds in the purchasing power of money over foods in the retail markets. Abroad the rise of prices has been even greater.
Between 1896 and 1914 wholesale prices in the United States were rising at the average rate of only one-fifth of 1 per cent per month; but even that small rate, long continued, was enough to make the "H. C. L." a very painful fact.

Rate of Rise Phenomenal
Since the war wholesale prices in the United States have been rising at the rate of nearly 2 per cent per month, or nearly ten times as fast as before the war. In some countries in Europe the rise in prices has been two or three times as rapid as in the United States.

While the war lasts the commodity price level will inevitably mount by leaps and bounds, unless we adopt rigorous preventive measures. In particular, we must avoid, so far as possible, lending by borrowing. Loans to the government made not from savings, but from borrowings will tend to increase bank credit. Further extension of bank credit will chiefly bring about a rise in commodity prices.

It is therefore desirable that further loans to the government should be made out of current savings.
There are two ways for us to lend money to our country. The right way is the frank and honest way of saving, by spending less or earning more. The other and wrong way is the at first cheap and easy, although ultimately costly and painful, way of lending the government what we borrow from the bank. Even that species of robbing Peter to pay Paul is, of course, better than paying Paul nothing; for Paul, i. e., the United States Treasury, must have the cash. But it can be justified only when unavoidable or when used as a temporary expedient, and the debts so contracted are soon repaid out of savings.

If I buy government securities by giving up the purchase of a pleasure automobile the

Headlessness

By C. W. GILBERT

WASHINGTON, Feb. 23.—Modern war is the hostile matching of industrial organization of one country against the industrial organization of another country. So far as we have an industrial organization for war purposes it heads up in the War Industries Board. The last few weeks have been critical weeks industrially, and our War Industries Board, the effective head of our industrial system for war-making, has been itself without a head. Its last chairman, Daniel Willard, resigned in the middle of January. Since then has been a period of transition.

The whole future of the War Industries Board has been uncertain. Its reorganization has been progressing somewhere behind the scenes. It is worth while to read the history of this board, which, as already said, heads up the matching of our industrial capacity against the industrial capacity of the Central Powers, for it gives a picture of organization here in Washington.

The need for a War Industries Board was felt as early as the first of June. Advisory organization had been tried. Many realized that it was time to have organization with executive power.

It is worth while recalling this to show that the question of an organization with power which is now being debated is not a new one. It is nine months old. In nine months we have got precisely nowhere.

It took two months' debate to secure the War Industries Board, a body without power. Theoretically it had functions of vast importance.

It headed up the industrial structure, with which we are going to fight Germany. At its head was placed a charming man, but not one who was very reassuring from the standpoint of industrial capacity and experience, the secretary and treasurer of a tool manufacturing company of Cleveland, earlier the secretary of the Cleveland Chamber of Commerce. He acted a few weeks and then his health gave way as he began to try to resign. Finally, in September, he placed his letter of resignation in the hands of Secretary Baker as chairman of the Council of National Defense.

A month's delay took place, and on October 25 the resignation was accepted. The organization, which had been virtually without a head for many weeks, was formally without a head. It remained for practically a month, when, on November 19, Daniel Willard was appointed chairman. He served till the middle of January, when he resigned, and the War Industries Board is again without a head. This time it has been so for six weeks.

Without Power; Without a Chief

To sum this all up: The need of a central industrial organization with power was felt as early as the first of June. It is still unsatisfied. Seven months ago an organization without power was created. For two and one-half months of that time it has been formally without a head. For four months of the time it has been actually without one.

Now, to look at the matching of our industrial system against Germany's which has taken place under these auspices. A member of the Administration said to a reporter: "What the matter is with the country industrially to-day is over-production. Why, if we had twice the shipping we could not ship to Europe in years the supplies we are piling up."

I told him, what every one now recognizes down here, that, in its excitement and because of the failure to adjust means to ends, the country had been swung too far from producing non-essentials, so called, which people want and could use, to producing war supplies, which cannot be shipped and which cannot be used.

There is an over-production of war materials measured by shipping, and an under-production of what the country ordinarily requires, with a resulting dislocation of labor and prices and the possibility of a grave situation, which Dean Schneider described on the witness stand before the Military Affairs Committee the other day as a prospect of forced cutting down production, to scale with shipping, and at the same time an increased cost of living.

Whose fault was it that the swing from non-essentials to essentials, so called, has been over-stimulated, the official was asked. Why, it was the fault of the press of the country, of the railroads, of certain trade organizations—not that of the Administration. The answer ignores the real defect, even if entirely accurate.

No Real Industrial Control
Suppose we were matching our industrial resources against Germany's intelligently. No "over-production" would have resulted. Real industrial control would have called shipping facilities first and regulated production according to tonnage. We didn't.

We ordered and ordered and ordered like the proverbial drunken sailor, forgetting that we could use no more than our railroads and transatlantic tonnage could carry. We are just now recovering from the shock of finding that we have been expending our energies uselessly. We have an over-production of war supplies and an under-production of ships. We have unnecessary strains upon domestic transportation and upon the domestic supply and distribution of labor. We have got headlong into matching our industrial resources against Germany's without a plan by means of an organization that lacks power, that more than half the time lacks a head, that has always been the subject of debate and felt itself to be merely transitional.

The task of ending that gross travesty "over-production" in war—which calls for the utmost energies of a nation—will fall upon the reorganized War Industries Board or its successor, if and when created.